

1                                    **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2    In the Matter of the Mortgage Broker License of:

No. 10F-BD162-SBD

3    **SOUTH BAY FUNDING, INC. and LOGAN**  
4    **R. CROW, CEO**  
5    111 North Sepulveda Blvd., Suite 300  
6    Manhattan Beach, CA 90266

**ORDER OF SUMMARY SUSPENSION  
AND NOTICE OF OPPORTUNITY FOR  
HEARING**

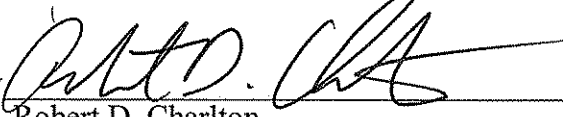
Respondents.

7            The Arizona Department of Financial Institutions (the "Department") hereby finds that South  
8    Bay Funding, Inc. and Logan R. Crow, CEO, ("Respondents") have violated the provisions of the  
9    Arizona Revised Statutes ("A.R.S."), Title 6 as set forth below and finds that the public health,  
10   safety and welfare require emergency action pursuant to A.R.S. §§ 6-905 and 41-1092.11(B).

11           **THEREFORE, IT IS ORDERED** to summarily suspend the Arizona mortgage broker  
12   license held by Respondents. **This suspension is effective immediately.**

13           EFFECTIVE this 2nd day of June, 2010.

14           Lauren W. Kingry  
15           Superintendent of Financial Institutions

16           By   
17           Robert D. Charlton  
18           Assistant Superintendent of Financial Institutions

19           PLEASE TAKE NOTICE that, pursuant to Titles 6 and 41 of the Arizona Revised Statutes  
20   and Title 20, Chapter 4 of the Arizona Administrative Code ("A.A.C."), Respondents are hereby  
21   notified that they are entitled to a hearing to contest the allegations set forth in this Order. The  
22   Request for Hearing shall be filed with the Arizona Department of Financial Institutions (the  
23   "Department") pursuant to A.R.S. § 6-137(D) within **thirty (30) days** of service of this Order and  
24   shall identify with specificity the action or order for which review is sought in accordance with  
25   A.R.S. § 41-1092.03(B).

26           Pursuant to A.R.S. §§ 41-1092.01(D) and 41-1092.03(B), any person may appear on his or

1 her own behalf or by counsel. If Respondents is represented by counsel, the information required by  
2 A.R.S. § 41-1092.03(B) shall be included in the Request for Hearing. Upon the filing of a Request  
3 for Hearing, the Department shall issue a Notice of Hearing scheduling the matter for hearing in  
4 accordance with A.R.S. § 41-1092.05. **Persons with disabilities may request reasonable**  
5 **accommodations such as interpreters, alternative formats, or assistance with physical**  
6 **accessibility.** Requests for special accommodations must be made as early as possible to allow time  
7 to arrange the accommodations. If accommodations are required, call the Office of Administrative  
8 Hearings at (602) 542-9826.

9 Respondents have the right to request an Informal Settlement Conference, pursuant to A.R.S.  
10 § 41-1092.06, by filing a written request no later than **twenty (20) days** before the scheduled  
11 hearing. The conference will be held within **fifteen (15) days** after receipt of your request. If an  
12 Informal Settlement Conference is requested, a person with the authority to act on behalf of the  
13 Department will be present (the "Department Representative"). Please note that in requesting an  
14 Informal Settlement Conference, Respondents waive any right to object to the participation of the  
15 Department Representative in the final administrative decision of this matter, if it is not settled. In  
16 addition, any written or oral statement made by Respondents at such informal settlement conference,  
17 including written documentation created or expressed solely for purposes of settlement negotiations,  
18 are inadmissible in any subsequent administrative hearing. (See A.R.S. § 41-1092.06 for rules  
19 regarding informal settlement conferences.) Conversely, any written or oral statement made by  
20 Respondents outside an Informal Settlement Conference is not barred from being admitted by the  
21 Department in any subsequent hearing.

22 If Respondents do not request a hearing, this Order shall become final. If Respondents  
23 request a hearing, the purpose of the hearing shall be to determine if grounds exist for: (1) the  
24 issuance of an order pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the  
25 violative conduct and to take the appropriate affirmative actions, within a reasonable period of time  
26 prescribed by the Superintendent, to correct the conditions resulting from the unlawful acts,

1 practices, and transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-  
2 132; (3) the suspension or revocation of Respondent's license pursuant to A.R.S. § 6-905; (4) an  
3 order to pay restitution of any fees earned on loans made in violation of A.R.S. §§ 6-901, *et seq.*,  
4 pursuant to A.R.S. §§ 6-131(A)(3) and 6-137; and (5) an order or any other remedy necessary or  
5 proper for the enforcement of statutes and rules regulating mortgage brokers pursuant to A.R.S. §§  
6 6-123 and 6-131.

### 7 FINDINGS

8 1. Respondent South Bay Funding, Inc. is a California Corporation authorized to transact  
9 business in Arizona as a mortgage broker, license number MB 0908263, within the meaning of  
10 A.R.S. §§ 6-901, *et seq.* The nature of South Bay Funding, Inc.'s business is that of making,  
11 negotiating, or offering to make or negotiate loans secured by Arizona real property, within the  
12 meaning of A.R.S. § 6-901(11).

13 2. Pursuant to A.R.S. § 6-903(J), Respondents are required to have a surety bond in the  
14 amount set forth in A.R.S. § 6-903(K), or an alternative as set forth in A.R.S. § 6-903(M).

15 3. On April 22, 2010, the Department received notification from Liberty Mutual Surety  
16 stating that South Bay Funding, Inc.'s surety bond, number 6638883 in the amount of \$10,000.00,  
17 was to be cancelled effective May 22, 2010.

18 4. On April 28, 2010, the Department sent an email to Respondents, to the email address  
19 on record with the Department, informing them of the bond cancellation. The Department also sent  
20 notification regarding the bond cancellation to South Bay Funding, Inc. via the Nationwide  
21 Mortgage License System.

22 5. Respondents failed to provide documentation regarding the reinstatement of their  
23 bond or documentation of a new surety bond.

24 6. Respondents do not have the required surety bond in order to conduct business as a  
25 mortgage broker.

26 7. The conduct described above constitutes an immediate threat to the public health,

1 safety, and welfare warranting immediate suspension of Respondent's mortgage broker license.

2 8. The conduct described above constitutes grounds for the suspension of Respondent's  
3 mortgage broker license.

4 LAW

5 1. Pursuant to A.R.S. Title 6, Chapter 9, the Superintendent has the authority and duty to  
6 regulate all persons engaged in the mortgage broker business and with the enforcement of statutes,  
7 rules, and regulations relating to mortgage brokers.

8 2. By the conduct set forth in the Findings, Respondents have failed to maintain the  
9 surety bond required by A.R.S. § 6-903(J).

10 3. Pursuant to A.R.S. §§ 6-905 and 41-1092.11(B), the conduct described above  
11 constitutes an immediate threat to the public health, safety and welfare warranting immediate  
12 suspension of Respondent's mortgage broker license.

13 4. Respondents have not conducted business in accordance with the law and have  
14 violated Title 6, Chapter 9, which constitutes grounds for the suspension or revocation of  
15 Respondent's license pursuant to A.R.S. § 6-905(A)(3).

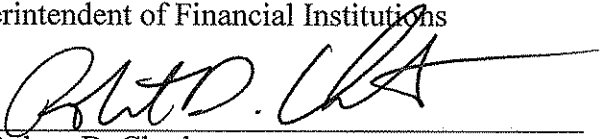
16 5. The violations, set forth above, constitute grounds for the pursuit of any other remedy  
17 necessary or proper for the enforcement of statutes and rules regulating mortgage brokers in Arizona  
18 pursuant to A.R.S. §§ 6-123 and 6-131.

19 6. Pursuant to A.R.S. § 6-132, Respondent's violations of the aforementioned statutes  
20 are grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation  
21 for each day.

22 WHEREFORE, if Respondents do not request a hearing to contest the above Findings or  
23 produce evidence of a valid surety bond, Respondent's license shall remain suspended unless and  
24 until reinstated or until said license expires by operation of law.

1 DATED this 2nd day of June, 2010.

2 Lauren W. Kingry  
3 Superintendent of Financial Institutions

4 By   
5 Robert D. Charlton  
Assistant Superintendent of Financial Institutions

6 ORIGINAL of the foregoing filed this 2nd  
7 day of June, 2010, in the office of:

8 Lauren W. Kingry  
9 Superintendent of Financial Institutions  
10 Arizona Department of Financial Institutions  
ATTN: Susan Longo  
2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

11 COPY mailed/delivered same date to:

12 Craig A. Raby  
13 Assistant Attorney General  
14 Attorney General's Office  
1275 West Washington  
15 Phoenix, AZ 85007

16 Richard Fergus, Licensing Division Manager  
17 Robert D. Charlton, Assistant Superintendent  
18 Arizona Department of Financial Institutions  
2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

19 AND COPY MAILED SAME DATE, by  
20 Certified Mail, Return Receipt Requested to:

21 South Bay Funding, Inc.  
22 Attention: Neil M. Goldstein, President  
111 North Sepulveda Blvd., Suite 300  
Manhattan Beach, CA 90266  
Respondent

23 Brittan Smith, Statutory Agent  
24 South Bay Funding, Inc.  
3430 W. Ironwood Dr.  
25 Chandler, AZ 85226

26 By: 